

VISIT REPORT ON TRANSPORT ISSUES

October 2001

By:

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Consultant

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Acknowledgement

The consultant would like to express thanks to Mr. Maurice Wiener, Acting Chief of Party of the ADAR Project, and to the USAID mission in Rwanda for the invitation to share experiences from the IDEA Project in Kampala. He is most grateful for the facilitation and hospitality afforded him during the visit.

1. Executive Summary and Recommendations

Since visits were made covering various sectors in the industry, recommendations have been made under subheadings. Some of these concur with visits made by previous consultants such as Messrs Frohmader, Cartwright, Kurzman and Friend. However the main focus of the visit takes a look at airfreight, and a final presentation on : **3. The FHL experience and “Airfreight options for Rwanda”** was made to stakeholders on Tuesday 9th October.

ADAR

- Continue to support training and technical assistance to boost yield and export quality.
- Disseminate the findings of market research report currently being compiled in the UK, by Dr Peter Jaeger, on potential for Rwandan passion fruit, *physalis* and French beans in European markets. This information should help increase exporter confidence, and allow them to plan investment in production, packaging and freight accordingly.
- Follow up on the initial meeting held at ADAR offices on Monday 8th October, where progress in the Ugandan horticultural export industry was summarised. It appears there are five regular exporters in Rwanda, if they can work together and share experiences, this is desirable. These core companies would be ideal for ADAR to take on as initial clients, needing help at increasing production and strengthening their existing businesses.
- Follow up on commitments made by key participants, at the presentation made by the consultant in the ADAR offices on Tuesday 9th October.

For example, the Mayor of Kigali offered to make as much land available on favourable terms as was necessary.

The representative from the Development Bank promised support in helping potential exporters access soft loans, and agreed that the current interest rate of 18 % did not really encourage new entrants.

Mr R.Goldman, head of the USAID mission in Rwanda, would like to arrange for a group of 10 people to visit Uganda on a study tour of selected companies/organisations involved in export horticulture. The Rwandese participants will include key personalities from the banking, investment authority, transport and logistics, and producer sectors.

The objective will be to pass on lessons learnt as the Ugandan industry has grown, and to show how improved results are possible by exporters working together. Ugandan exporters share technology, especially on the research and development sites, marketing information, handle product themselves at the airport, and maintain the cold chain, and increase buying power on airfreight by consolidating tonnage. The trip will be co-ordinated by the consultant, from the IDEA Project in Kampala.

The representative of the CAA promised to look into reducing charges at Kigali airport, to further encourage exporters.

- ADAR should also assist in outward missions for selected companies to the Dutch Auctions and the Aalsmeer Flower show in early November, to FHL in Entebbe to observe the cold chain and airfreight operations, to the Passion Fruit Training day in Kasese run by IDEA Project on 13th November, and to Apexhom in Mauritius for the potential *anthurrium* exporter.
- Set up a website on Rwandan Horticultural Exports to try and encourage overseas buyers and investors. The site should be regularly updated.
- Design a data capturing system on exports, probably with CAA and the Rwanda Revenue Authority, so there is accurate and timely information on what is being exported.

Cold Chain

Negotiations should be held with MAGERWA to bring down the cost of using their reefer containers. These are adequate for the few exports going out at present, but nobody uses them, because of the high price, and the lack of confidence in the temperatures being maintained exactly.

Production

There appear to be five regular exporters, it is proposed that they form a horticultural exporters association, so that they can lobby Government, Banks, and Donors. It was suggested at the Tues 9th October presentation to stakeholders, that this new association be named “HEAR” (Horticultural Exporters Association of Rwanda). In time they could consider organizing airfreight, and purchasing inputs, on behalf of the whole industry, and benefit from the associated economies of scale. Feasibility studies and trials of the new crops already proposed in previous reports need to be carried out.

Investment

The exporters association should then forge close links with the Rwanda Investment Authority and approach the international financing institutions such as EIB, IFC, ADB and others who understand floriculture, for soft loans to encourage new entrants. At the moment there is only one flower exporter, although a second is planning to start soon. If there were another 4 rose projects, as a result of attractive loans at low interest, with grace periods etc, this would start to form the critical mass of export tonnage necessary to secure regular airfreight.

Airfreight

The fact is, there is sufficient lift out of Kigali. Export tonnage is still very low, inconsistent, and unreliable. The growers complain about the airlines and vice versa. There is no discipline, little trust or loyalty. There are no written contracts, this should really be encouraged even if they are for minimum quantities. Airlines should respect them, and at the same time exporters should be willing to pay for dead freight if they fail to deliver. It seems very little negotiation takes place, and rates are higher than elsewhere in the region. There are plenty of flights to Johannesburg and exports to regional markets such as South Africa should be investigated further. Handling and concession charges by Alliance and CAA respectively seem excessively high.

2. Notes on visits

Saturday 5th October, Sunday 6th October, Monday 7th October:

1. DAS Air Cargo, met with Mr Gilbert Bagarukayo (Tel 585107, mobile 085-13873) who explained they were intending to continue the Tuesday flight into Kigali, but that all their 707's were grounded because they were no longer airworthy. From now on they would only operate their 4 DC10's which are excellent cargo aircraft with a payload of 70 tonnes. This is in line with the general trend in the airfreight industry to move away from narrow body aircraft to wide bodies, which have greater payloads and lower operating costs. Unless they are fitted with stage 3 hushkits, most 707's and DC8's will be banned from landing in Europe anyway, except for places like Bratislava, because of noise. At the moment the DC10 would usually bring in 40 tonnes or so of southbound cargo for Rwanda, if coltan is available they sometimes take this on to Johannesburg. DAS would like to develop their business in northbound perishables and initially offered a price of \$1.80/kg to Amsterdam to flower exporters, although he was willing to negotiate downwards on this price. The consultant met with Mr Bagarukayo again on Monday 8th October, and he agreed to drop this quote to \$1.75/kg so there is obviously plenty of room for negotiation. This was on condition that Highland Flowers guarantee 1.5 tonnes per week, and are prepared to sign a contract to that effect and pay for deadfreight in case of non performance. DAS can provide flights into Amsterdam, Ostend, Gatwick, and Marseille.
2. Civil Aviation Authority, Mr Chrysologue Ngarambe, (Tel 085-95262), manager of finance and administration. It was explained that the CAA was a self financing parastatal and they confirmed their willingness to work hand in hand with exporters, and facilitate whatever arrangements were necessary to boost business at the airport.
3. MAGERWA S.A., Mr. Thomas Nyongira, (Tel 516086, mobile 08301907), general manager of Rwanda Bonded Warehouses and owner of the 4 reefer containers at the airport. Two run at 5-8 degrees C and the other two are for frozen product, one at -20 degrees C and the other at -11 degrees C. MAGERWA have a monopoly on storage and warehousing at the airport under a five year agreement up to 2004, and CAA have a minority shareholding in this company. Alliance have the monopoly on handling all aircraft. Charges for using the MAGERWA refrigerated containers run from \$800 per month, to \$0.11/kg/day, which is extremely expensive when compared to Entebbe, where 24hrs of cold storage in the FHL/USAID coldstore is

charged out at only \$0.02/kg. These figures do not concur with the figure given in Harold Kurzman's report of RF3/kg/week.

4. Kencargo/Martinair, Mr Gaston Gatere, (Tel 77472), explained that he represents Kenya Airways, KLM and Martinair. They are all part of the same airline group and Martinair started operating into Kigali during February 2001, every Tuesday with an MD11 aircraft. This is basically the updated version of the DC10 and is also an excellent cargo aircraft with a greater payload of 90 tonnes. Martinair has a very good reputation for punctuality and keeping to schedules. They fly directly into Amsterdam via Nairobi, which is ideal for flower exporters, however their prices tend to be on the high side. If there is more tonnage to bring southbound, or take out northbound, they have an agreement with Atlas Air Cargo who operate a 747 freighter with a 110 tones payload. Like DAS, Martinair usually bring in around 40 tonnes of dry cargo every Tuesday, so it should be noted that these 2 airlines are competing for Rwanda's southbound cargo, and both charging around \$2/kg. Any negotiations should be careful to avoid starting a price war on southbound because often the revenue from this subsidises the northbound price! The main customer on Martinair at the moment is Highland Flowers who book 1 to 2 tones per week. They are charged 40c/kg to Nairobi and \$1.65/kg Nairobi to Amsterdam, ie \$2.05/kg (compare with Entebbe to Amsterdam which is only \$1.60-\$1.75/kg). On the fruits and vegetables, Martinair are able to get \$1.70/kg from Kenyan exporters out of Nairobi which is a high price (compare to \$1.50/kg on DAS from Entebbe to Ostend) so there is no great incentive for them to try and sell this space to Rwandan exporters who would find it too expensive anyway. For those not using the Martinair flight, Kencargo offers a Kenya Airways B737 feeder service into Nairobi to connect with the Kenya Airways B767 to Europe.
5. Meeting with Mr. Francois Xavier Rusanganwa (Tel 08527090) in Karuruma, owner of farm with potential to export tropical flowers. Some years ago the farm was exporting regularly to Belgium on Sabena, but is in need of rehabilitation and only serving the local market at present. They have 4 acres of *Anthurriums*, as well as small areas of *Heliconia*, *Zantedeschia*, *Dracaena*, and Lilies. Mr. François Xavier Ngarambe and his wife have just come into the business as new investors and the Rwandan consul in Mauritius is planning to send an *anthurrium* expert, Mr. Gerard Pascal, to give technical advice. This is a good move and a link should be made with the Mauritian Horticultural Exporters Association, APEXHOM

(Association Professionnelle des Exportateurs Horticoles de l'île de Maurice) as they are certainly the experts in the region on growing anthuriums and may be persuaded to supply some of the precious new anthurium varieties. Otherwise approach the company Anthurria in the Netherlands or maybe suppliers in Hawaii. The existing *anthurrium* project may need some capital investment in the form of shade netting and drip irrigation for the dry season.

6. Meeting with Mr. John Nkera, Managing Director of Highland Flowers SARL at Nyacyonga. A former director at the Bank of Uganda, he is well versed in the intricacies of financing a rose project. They started in 1998, with a loan of \$250,000 from BRD (Banque Rwandaise de Développement) and capital of \$250,000 from private investors. Mr Nkera himself is a minority shareholder. They arranged the loan on a long term interest rate of 12% but had to refinance and take out a short term loan at 18%. They have 3Ha at present, and are planning to expand soon to 5.2Ha. They have 10 varieties comprising Rene (pink), Frisco (yellow), First Red, Golden Gate (yellow), Safari (orange), Pistache (white), Arifa (white/pink bicolor), Yellow Unique, Orange Unique, Circus (yellow/red bicolor). They say that they were badly advised on varieties in the beginning, by a certain Swedish consultant employed on feasibility studies on rose projects in the African region by the World Bank. It is very encouraging to note that Highland Flowers are reporting yields of up to 650 stems/square meter/year for Rene and 600 stems/square meter for Frisco. The best growers in Uganda are reporting only 400 stems/square metre for Frisco. The company is marketing with Interweave in Bremmer, Netherlands (Mr Hans Lamaz) where the roses are sold on the auction and if they do not reach a certain price they are pulled off and sold into the direct market. Some product is also going to Omniflora in Frankfurt who are well known importers of African roses. Highland Flowers seem to be having considerable difficulty with their plastic sheeting which they are having to replace every 18 months, rather than every 3 years which should be the case if they were using 300 micron plastic. They are using a lot of sulphur to treat their powdery mildew problem, and this is probably contributing to the breakdown in the plastic. It seems they are blanket treating the whole greenhouse every day for powdery mildew, however a good system of scouting and spot treatment with a mixture of different fungicides should help overcome this problem. Planting windbreaks with eucalyptus may also help reduce the problem with powdery which is always exacerbated by windflow. Continuous vase life trials should be set up and monitored in the packhouse, so they can quickly deal with disease problems themselves, rather than wait to

be told by the importers in Europe. Another problem they need to look at is their lack of a refrigerated truck, although they say the journey to the airport is quick, there will be times when the aircraft is delayed and the cold chain is therefore broken. They reported dissatisfaction with the airfreight situation and cited the example of last Christmas where DAS offloaded 200 boxes, and it is estimated that this meant a loss of something in the region of \$15,000! There was no contract on either side so both parties blame each other. There is no insurance cover for this, so a clear example of the necessity for properly organized cold storage and airfreight.

7. Visit with Mr. Hitesh Shah (Tel 08300046) of Great Lakes Flower Farm. He also owns a successful plastics business in Kigali where he has just invested in \$1.6 million worth of equipment and is now ready to invest \$1.5 million in a rose project. It should be noted that he is related to the Shah family who run Sunfruit in Nairobi which is a well established exporter of fruit and vegetables. He also has a plastics business in Kampala. The proposed site for the rose project is at the rear of his factory and lies mostly in marsh and swamp land so the water table is high. Not an ideal site, although it may be possible to drain, but this is going to add greatly to the capital cost of land preparation. Soil samples should be taken. It may be prudent to select a completely different site where there is a slight slope and better drainage. Other considerations such as the direction of the prevailing wind should be checked, but this advice should come from consultants and companies specialising in greenhouse erection. It was proposed that he visit Highland Flowers as well as some of the Ugandan rose projects to gather information, and a copy of capital set up costs and monthly operating margins from Ugandan rose projects was given to him. It was also proposed that he visit the International Flower Show in Aalsmeer at the beginning of November to research suppliers of inputs, and potential marketing partners.
8. Visit to maracuja (indigenous small purple passion fruit) growers at Ntanganu, Mr Gerard Sina (Tel 08302999). After an invigorating climb up to the gardens on a steeply sloping hillside, the crop appeared to be in good shape, well trellised and good weed control. Yield could be improved by better pruning. There were signs however of woodiness virus and it was explained that the only thing to do in this case was to uproot, burn the infected material and replant. There were also signs of *alternaria*, which can be treated with fungicides such as Dithane. At the moment no fungicides or artificial fertilizers are applied so it is really an organically produced product although certification has not been done. It was explained that the passion fruit are

carried down to 7 collection points in the valley in baskets of around 30kg. It was recommended that grading and packing sheds should be set up (or buildings rented) at these collection points so that non exportable quality can be rejected immediately before transport to the airport. From the questions asked by the growers it is clear that detailed training is needed from production through to post harvest handling. IDEA project is running a one day workshop in Kasese, western Uganda, at the beginning of November on this subject, and ADAR project should be able to send selected participants who would then become trainers of trainers in Rwanda.

9. Meeting with Sabena air cargo, Mr. Alexis Bizimungu, (Tel 85897/08301133). There are 2 flights per week on Tuesday and Saturday evenings with an A330. This aircraft has a cargo capacity of 3 tonnes if there is a full passenger load, and 7 tonnes if there are very few passengers. Most exporters prefer the Tuesday flight because the Saturday flight means Sunday arrival in Brussels and the product often waits till Monday before delivery to the importers. The aircraft's return leg is via Nairobi and the Kenyan exporters are ready to compete for that space to Zaventem as well. Mr Bizimungu stated that he has four clients who were fairly regular exporters: Highland Flowers with 300 kg-2 tonnes per week, Soreco (Mr Klaver) exporting 1 tonne per week of passion fruit, apple bananas, French beans to the wholesale market in Brussels, Mr Philip Tungambire sending 3-5 tonnes per week of dracaena, freight paid by the importer Vermeulen in Leuven, and Mme Donatil of Nimbagwire exporting 1.5 tonnes per week of passion, apple bananas, physalis, and pineapples to Mr Luc de Blondio of Tanganyika Nature NV in Brussels. There is a fifth regular exporter not mentioned by Sabena because they ship on Kenya Airways to Johannesburg, 25 tonnes per month of physalis, to a Mr Singh, for use in jam production. This company is called Gaperi Fruits SARL, 50% owned and managed by Mrs Alphonsine Mutabonwa Abia, the remaining 50% owned by the physalis growers from whom she collects. . **These all seem to be good trading relationships which the ADAR project should investigate further and try to strengthen.** The freight for the first four companies is always paid by their consignees in Brussels. Sabena prices to Zaventem are as follows: \$1.80/kg for roses (add \$0.20/kg for trucking to Netherlands), and \$1.60/kg for dracaena and fruit and vegetables. The cargo manager complained that the handling and loading charges from Alliance were excessively high at RF80/kg or \$0.175/kg (made up of RF30/kg actual handling and loading charge and RF50/kg airport levy payable to CAA). If

CAA want to encourage business at the airport they should try to reduce this and ADAR should start lobbying on behalf of the exporters.

10. Meeting with Mr Georges Rudakubaya of Alliance Air (Tel 08516168, 514077). The company is now 100% owned by the Government whilst it is hoped SAA or the parent Transnet will buy shares, although the Government must always own 51%. They operate two aircraft: A Dash 8 which serves Entebbe daily, Nairobi four times per week, and Kilimanjaro twice per week, and a B737 which flies to Johannesburg twice per week. It can carry 2-3 tonnes of cargo and the freight charge is \$1/kg. Alliance have a monopoly on handling all aircraft at Kigali airport and there are fixed charges. There is a basic \$0.10/kg on maximum take off weight although Martinair have negotiated this down to \$0.07/kg. This charges includes all ground services to the aircraft including documentation. In addition there is a fixed charge of \$2,250 payable to the CAA for the Martinair MD11 to cover navigation fees, landing fees, parking, runway lighting etc. This charge is around \$2000 for Sabena's slightly smaller A330. Alliance are also under contract to pay CAA an 8% concession on revenue from each flight, and this is passed on to consumers. If there is some way these charges by the CAA can be reduced, it will help encourage both airlines and exporters to use Kigali airport.

11. Ethiopian Airlines, Mr Girama, (Tel: 70441), operate a B737 (capacity 2-3 tonnes) three times per week to Addis Ababa, and from there connections are available on their B767 (capacity 10 tonnes) to several European cities including Amsterdam, London Heathrow, Frankfurt, Rome, Athens, Copenhagen. The rate quoted for flowers on these routes is \$2.10/kg. For fruit and vegetables this price is \$1.85/kg. Because of delays in trans-shipping in Addis, it is important that there is a cold store, and they confirm there is a small one, with a 10 tones capacity, but this needs to be checked. In addition Ethiopian have two dedicated B757 freighters, these have already been committed to Kenyan produce exporters providing a direct service to Amsterdam. They have a payload of 33 tones and it will cost in the region of \$50,000 to hire a full charter. There is also an arrangement between Ethiopian and a Bulgarian registered Antonov 12, which has a payload of 15 tones. At the moment this aircraft is routing to Kigali and Dar es Salaam once per week from Dubai via Addis, bringing in dry cargo. It is configured to take 4 pallets carrying 2 tones each, plus 7 tones of loose cargo. It might be useful for regional exports of Rwandan produce but it is not really an ideal aircraft for getting perishables to Europe.

3. The FHL experience and “Airfreight options for Rwanda”

Uganda

Product	LOP Target (\$ million FOB)	1999	2000
Roses	20.00	9.95	11.07
Plant cuttings	5.00	4.51	3.54
Fresh produce	10.00	3.13	3.65
Vanilla	2.00	1.50	2.02
Cocoa	3.00	2.80	2.02
Papain	4.00	4.20	0.96
Other HV products	1.00	0.70	0.50
Total	45.00	26.79	23.76

Since the start up of the IDEA project in 1995, the horticultural export industry in Uganda has grown significantly, especially floriculture, see table below:

In order to keep pace with this growth, it became necessary to assist the exporters in setting up a perishable handling and airfreight operation at the airport.

Fresh Handling Ltd (FHL) is a grower owned and controlled company set up at the end of 1999 at Entebbe. Initially it was formed to provide a reception, pallet building, cold storage and airside delivery service for the growers. About \$90,000 of share capital was raised to start the company, the shares were \$250 each. No one company can have more than a 10% shareholding, and there are now 22 shareholders holding class B shares, all Ugandan flower or produce exporters. The two producer associations, UFEA (Uganda Flower Exporters Association) and HORTEXA (Horticultural Exporters Association) each hold class A shares. The USAID funded IDEA Project put in about \$80,000 worth of grant funding in the form of equipment, and the cold store itself was jointly financed by USAID (\$900,000) and CAA (\$300,000) and built in 1997. For the first 2 years nobody used the facility because the growers were not organized and tried to deal as individuals with the airlines. The formation of FHL changed all this, and the whole industry now works together, with the common aim of improving handling of perishables and offering competitive airfreight.

The company began operating in July 2000, and after the first 12 months of trading had made a profit of around Ush 92 million after taxation, and employed 23 Ugandans full time.

Earlier this year finance was obtained for FHL to start chartering aircraft directly through its subsidiary company FHACL (Fresh Handling Air Cargo Limited).

This was possible using a USAID supported Export Credit Guarantee Scheme underwritten by the Bank of Uganda, and administered by commercial banks. FHACL took out a loan with Barclays Bank under this scheme for \$0.5 million and by revolving this credit, will now be able to charter 8 flights per week for the growers over the coming export season running October to June. The export forecast is for over 5,000 tonnes. As a result of having their own financing, and collective tonnage, the Ugandan growers have achieved approximately a 10% reduction in their airfreight charges door to door. On a national airfreight bill for around \$9 million, this represents a saving to the industry of about \$900,000.

There is a strategic alliance between FHACL and ANOVA, which is Uganda's largest fish exporter. By combining the export tonnage of fish, flowers, and produce, and working together to charter aircraft, it has been possible to fill on a regular basis DC10 charters carrying 70 tonnes into Ostend or Amsterdam.

Rwanda

The consultant met with most of the major airline operators as can be seen in the visit notes in 2. This information has been summarized on the table below where it can be seen that very little of the capacity available is actually utilized. Until the production base increases, it will continue to be difficult for the exporters to have any real negotiating or buying power with the airlines. In the short term therefore, it is proposed that the few regular exporters that there are, at least try to enter into written contractual arrangements with carriers, to alleviate the uncertainty that exists at present. Another problem is that the best airfreight options are all on the same day, namely Tuesday. The ideal of course is to have flights evenly spaced throughout the week. The whole airfreight business revolves around the amount of southbound cargo for Rwanda, and until the economy grows and there are more imports of dry cargo, it will remain difficult to attract in new airlines.

It can be seen that both the large freighters from Martinair and DAS come into Kigali on a Tuesday, bringing southbound cargo that has been accumulating in Europe the previous week.

<u>Airline</u>	<u>Equipment/Capacity(t)</u>	<u>Days</u>	<u>Routing</u>	<u>Price flowers (\$/kg)</u>	<u>Price produce (\$/kg)</u>
Sabena	A330/3-7	Tues,Sat	Nbo,Bru	1.60	1.80
*Martinair	MD11/90	Tues	Nbo,Amst	2.05	1.70 from Nbo
*DAS	DC10/70	Tues	Ebb,Amst	1.75	1.60?
Alliance	B737/2-3	Wed,Sun	Jnb	1.00	1.00
Ethiopian	B737/2-3 B767/10	Wed,Sat,Sun	Addis, Eu	2.10	1.85
Kenya Airways	B737/2-3 B767/10	Mon,Wed,Fri	Nbo, Eu	2.05	1.70 from Nbo

There are at least 12 flights every week available to exporters to Europe and South Africa

	<u>Actual</u>
*Max capacity/wk available on dedicated cargo freighters: 160 tonnes	2 tonnes?
Min capacity/wk available on scheduled carriers: 22 tonnes	10 tonnes?

ANNEX 1 : ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

- Zimbabwe are paying \$1.88/kg for flowers, and \$1.60/kg for fruit and vegetable
- Zambia are paying \$1.85/kg for flowers, and \$1.55/kg for fruit and vegetable
- Uganda are paying \$1.63/kg for flowers, and \$1.55/kg for fruit and vegetable
- **Copy of a model airfreight contract between FHL and DAS** is sent as an attachment to this document.
- IDEA has not done any market research in South Africa for passion fruit, they just assumed that since they themselves are exporters, we stood no chance.
- The capacity of the FHL cold store is around 20 pallets, at 2t per pallet gives 40 tonnes total, but you would hardly be able to move in there if it was that full! In reality we would never have more than about 12 pallets in there at any one time, i.e. 24 tonnes of flowers. Vegetable pallets hold around 3 tonnes.
- IDEA do not have any off the shelf info, but here is a list of potential benefits –

The Association :

- Can represent the industry at national level to government, investors, buyers etc
- Can co-ordinate and help provide airfreight
- Can buy inputs in bulk for the whole industry and vet reputable suppliers.
- Can arrange technical assistance (i.e. short term consultants) for all growers.
- Can advise on how to source finance.
- Can provide info on marketing opportunities and represent the industry at international trade fairs.
- Can lobby Government for tax breaks, investment incentives etc.

ZEGA in Zambia, EFGAZ in Zimbabwe, KFC in Kenya, and UFEA in Uganda, are all very effective associations that run efficiently, and can be self sustaining, if they get an initial boost from a donor.

I would strongly recommend that ADAR try and help HEAR get on its feet.

Steven Humphreys

October 2001

ANNEX 2: AIR FREIGHT CONTRACT MODEL

AIRCRAFT BLOCK-SPACE AGREEMENT

BETWEEN

DAS AIR CARGO

AND

FHL AIR CARGO LIMITED

(AIRLINE)

DAS AIR CARGO,

ELM PARK COURT, TILGATE FOREST BUSINESS PARK,
BRIGHTON ROAD, CRAWLEY, SUSSEX, ENGLAND.

AND

(CHARTERER)

FHL AIR CARGO LIMITED,

ENTEBBE INTERNATIONAL AIRPORT,
PO BOX 983, ENTEBBE, UGANDA.

THE FOLLOWING TERMS AND CONDITIONS HAVE BEEN AGREED BETWEEN
THE TWO PARTIES WHEREBY DAS AIR CARGO WILL PROVIDE AIR FREIGHT CAPACITY
TO FHL AIR CARGO FOR THE CARRIAGE OF FRESH PRODUCE AND FLOWERS BY AIR
FROM UGANDA TO EUROPE BASED ON FOUR FLIGHTS PER WEEK.

THIS CONTRACT COVERS THE PERIOD 15TH SEPTEMBER 2001 THROUGH UNTIL 31ST MAY
2002 INCLUSIVE.

AIRCRAFT TYPE:

MACDONNELL DOUGLAS DC10-30F OR AIRCRAFT OF SIMILAR SIZE AND CAPACITY.

FLIGHT NUMBER/ROUTING/SCHEDULE:-

EACH MONDAY:- FLIGHT NUMBER DSR1411
 DEPART ENTEBBE AT 1930 UTC (MONDAY)
 ARRIVE AMSTERDAM AT 0930 UTC (TUESDAY)
 ARRIVE GATWICK AT 1230 UTC (TUESDAY)

EACH WEDNESDAY:- FLIGHT NUMBER DSR1413
 DEPART ENTEBBE AT 2030 UTC (WEDNESDAY)
 ARRIVE AMSTERDAM AT 1030 UTC (THURSDAY)
 ARRIVE GATWICK AT 1330 UTC (THURSDAY)

EACH FRIDAY:- FLIGHT NUMBER DSR1415
 DEPART ENTEBBE AT 1930 UTC (FRIDAY)
 ARRIVE AMSTERDAM AT 0930 UTC (SATURDAY)
 ARRIVE GATWICK AT 1230 UTC (SATURDAY)

EACH SUNDAY:- FLIGHT NUMBER DSR6147
 DEPART ENTEBBE AT 2130 UTC (SUNDAY)
 ARRIVE OSTENDE AT 0800 UTC (MONDAY)
 ARRIVE GATWICK AT 1130 UTC (MONDAY)
 * Cargo for final destination Amsterdam will be
 trucked from Ostende to Amsterdam.

CONTRACT PAYLOAD:-

EACH MONDAY 20,000 KILOS.

EACH WEDNESDAY 30,000 KILOS

EACH FRIDAY 30,000 KILOS

EACH SUNDAY TO BE CONFIRMED AND AGREED

AIR FREIGHT RATES:-**FLOWERS-**

ENTEBBE TO AMSTERDAM USD \$1.65 PER KILO.

ENTEBBE TO GATWICK USD \$1.70 PER KILO.

CUTTINGS-

ENTEBBE TO AMSTERDAM USD \$1.60 PER KILO.

ENTEBBE TO GATWICK USD \$1.65 PER KILO.

VEGETABLES-

ENTEBBE TO AMSTERDAM USD \$1.55 PER KILO.

ENTEBBE TO GATWICK USD \$1.60 PER KILO.

PAYMENT:-

PAYMENT IS DUE IN FULL BY FHL AIR CARGO TO DAS AIR CARGO WITHIN SEVEN DAYS OF OPERATION OF EACH FLIGHT BY BANK TRANSFER TO:-

DAS AIR LIMITED,

H S B C,

117,GREAT PORTLAND STREET,

LONDON W1A 4UY.

ACCOUNT NUMBER: 38341980 (USD)

SORT CODE: 40-05-15

FHL AIR CARGO WILL PAY AN ADVANCED DEPOSIT OF USD \$150,000.00

(ONE HUNDRED AND FIFTY THOUSAND US DOLLARS) TO DAS AIR PRIOR TO COMMENCEMENT OF THE CONTRACT.

RESPONSIBILITIES:-

DAS AIR CARGO ARE RESPONSIBLE FOR:-

-
- A) PROVIDING THE AIRCRAFT AND CAPACITY AS PER THE SCHEDULE AND IN THE EVENT OF ANY TECHNICAL DELAY TO PROVIDE ALTERNATIVE SIMILAR CAPACITY WITHIN 24 HOURS OF THE ORIGINAL SCHEDULE.
 - B) THE SAFE CARRIAGE OF THE CARGO FROM AIRCRAFT LOADING AT ENTEBBE AIRPORT THROUGH UNTIL DISCHARGE INTO THE GROUND HANDLING AGENTS WAREHOUSE AT EITHER AMSTERDAM OR LONDON-GATWICK.

FHL AIR CARGO ARE RESPONSIBLE FOR:-

- A) TO PROVIDE THE CONTRACTED PAYLOAD FOR EACH FLIGHT AND GUARANTEE PAYMENT OF THE MINIMUM GUARANTEED NUMBER OF KILOS AT USD 1.55 PER KILO IN THE EVENT THAT LESS THAN THE FULL CONTRACTED PAYLOAD IS PRODUCED.
 - I.E. 20,000 KGS AT USD 1.55/KG = USD \$ 31,000.00 (MONDAY FLIGHT)
 - 30,000 KGS AT USD 1.55/KG = USD \$ 46,500.00 (WEDNESDAY FLIGHT)
 - 30,000 KGS AT USD 1.55/KG = USD \$ 46,500.00 (FRIDAY FLIGHT)
 - * SUNDAY FLIGHT TO BE CONFIRMED AND AGREED.
- B) TO PROVIDE CARGO CORRECTLY PALLETISED READY FOR LOADING ONTO THE AIRCRAFT AT ENTEBBE INTERNATIONAL AIRPORT.

GENERAL CONDITIONS:-

- A) NO SET OFF OR COUNTERCLAIM (WHETHER ARISING OUT OF THIS OR ANY OTHER TRANSACTION) SHALL ENTITLE THE CHARTERER FHL AIR CARGO OR THEIR AGENTS TO WITHHOLD PAYMENT, SUMS OR ANY OTHER CHARGES WHATSOEVER, PAYABLE TO, UNDER, OR BY REASON OF THIS AGREEMENT.
- B) ALL RATES QUOTED EXCLUDE ROYALTIES, NON OBJECTION FEES, EMBARKATION TAXES, WAR RISK INSURANCE, PALLETISATION AND/OR COLD STORAGE CHARGES.
- C) THIS CONTRACT IS SUBJECT TO THE GRANTING OF ALL NECESSARY DIPLOMATIC CLEARANCES AND TO THE LOADABILITY OF THE CARGO.
- D) DAS AIR CARGO'S STANDARD CONDITIONS OF CARRIAGE ARE DEEMED TO APPLY.
- E) DAS AIR CARGO RESERVES THE RIGHT TO CHARGE BANK INTEREST ON ANY AMOUNTS NOT PAID WITHIN THE CONTRACTUAL TERMS.

**ACCEPTED ON BEHALF OF
DAS AIR CARGO**

.....

ANDREW LESLIE
COMMERCIAL DIRECTOR

DATE.....

**ACCEPTED ON BEHALF OF
FHL AIR CARGO**

.....

TOBY MADDISON
CHAIRMAN

DATE.....

ANNEX 3 : TERMS OF REFERENCE

ANNEX 3:

TERMS OF REFERENCE